

Business Update

WHO PAYS FOR EXTENDED AND EMERGENCY UNEMPLOYMENT BENEFITS?

You've heard the news that our unemployed workers will get more unemployment benefits. Who will pay for it? What does this mean to you?

Emergency Unemployment Compensation - Under state law, an unemployed worker is entitled to receive up to 26 weeks of regular unemployment benefits. In the current economy, many more workers are staying unemployed for longer periods. For this reason, Congress and the President approved an extended-benefit program, known as Emergency Unemployment Compensation (EUC), which pays up to an additional 33 weeks of benefits in our state. EUC benefits are paid by the federal government, not you.

Extended Benefits - Due to the state's high unemployment rate, Washington is now in an extended benefit period, so we are paying up to an additional 13 weeks of benefits to eligible claimants running out of their EUC. Extended benefits are financed a little differently than EUC benefits, although regular taxable employers will not be charged for them.

Stimulus packages - Additionally, state and federal economic stimulus packages have been passed that temporarily increase unemployment benefits.

The state package, signed into law on February 16 and taking effect on May 3, 2009, affects unemployment benefits in two ways. First, it temporarily increases the minimum weekly benefit from \$129 to \$155. In addition, it increases the weekly benefit amount for most people by \$45, as of the date this publication went to print. Proposed legislation could change the amount. This is funded from the state's Unemployment Insurance Trust Fund. However, we will not charge these benefits against regular taxable employers' accounts and this will not trigger rate increases. Reimbursable employers will be responsible for these additional benefits.

The federal stimulus package temporarily increases unemployment benefits by an additional \$25 a week beginning the week of February 22, 2009. These benefits are federally funded and will not be charged to all employers nor paid from the state trust fund.

We cannot calculate how your former employees' unemployment benefits will affect you since we don't know how long an employee will claim benefits, your future taxable payroll, etc. We can tell you that layoffs from now through June 30, 2009, will not affect your tax rate until 2010.

FOCUSED AUDITS

The Employment Security Department is initiating an audit program to help ensure that employers are complying with all applicable laws and rules. This focused audit program is designed to do two things: to ensure that eligible laid-off workers have access to unemployment benefits as quickly as possible and to instruct employers about tax liability and proper reporting.

When a worker files an unemployment claim, his or her benefits are established based on reports submitted by an employer. If an employer has submitted inaccurate reports, the information is not available to establish an unemployment claim. This leads to delays in providing benefits.

To support these two important audit outcomes, the Focused Audit Program will focus

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Please share this with:

- ☐ Owner
- ☐ Accountant/Bookkeeper
- ☐ Business Associate
- ☐ HRM Manager
- ☐ Office Manager
- ☐ Other _____

March 2009

Contact us

District tax offices

Staff at your local office can answer most of your tax questions, including specific questions about your account. For addresses and e-mail information, visit dto.go2ui.com.

Bellevue	425-649-4388
Bellingham	360-676-2070
Lynnwood	425-774-2380
Seattle North	206-706-3801
South Sound*	253-593-7380
Spokane	509-532-3090
Tri-Cities	509-735-0939
Vancouver	360-735-5050
Wenatchee	509-662-0448
Yakima	509-574-0137
Native American tribes	360-902-9780
Out-of-state employers	509-574-0179

* Serves Grays Harbor, South King, Kitsap, Lewis, Mason, Pacific, Pierce and Thurston counties.

Benefits information

For questions related to specific benefit claims, call 877-504-5607.

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on three functions. First, we will contact industry representatives and offer information about the department's audit processes and expectations through a presentation followed by an opportunity to ask questions. Second, we will perform audits, typically conducted at the employer's place of business, to verify the information reported to the department. We will discuss any audit findings in a post-audit conference with the employer or their designated representative, followed by a letter detailing the audit findings and adjustments. Finally, we'll meet with industry representatives and brief them on the trends identified during the audits and offer ideas to address any negative findings.

The Focused Audit Program is scheduled to begin in second quarter (April-June) of 2009. If you would like to learn more about the department's audit process, please contact your local District Tax Office.

IRS 940 CERTIFICATION OR RECERTIFICATION

Each year, the department certifies to the Internal Revenue Service (IRS) the unemployment tax rate, amount of taxable wages and amount of tax paid by each employer two years earlier. For example, Employment Security will compare 2007 data with the IRS in 2009. We compare the wages reported to the IRS on Form 940 or on 1040 Schedule H to wages reported in Washington for unemployment insurance purposes.

If the certification shows a discrepancy between the state records and the federal records, the IRS either contacts us for a recertification or contacts the employer directly. In order to respond to requests from the IRS, the employer may request a recertification from ESD.

Most problems occur when employers fail to notify Employment Security about a change in business structure (entity) or a change in Federal Employer Identification Number (FEIN). The FEIN reported to the IRS must match what we have in our tax and wage files. If there is no match, the IRS charges the employer the maximum Federal Unemployment Tax Act (FUTA) rate of 6.2 percent instead of the reduced rate of 0.8 percent.

If you receive an inquiry from the IRS and you have questions about the reported information or need a FUTA Certification, please contact:

Employment Security Department
Employer Accounts, FUTA Certification
P.O. Box 9046 Olympia, WA 98507-9046

Report fraud

Let us know if you suspect that a business is not paying its unemployment taxes properly or if a worker is collecting benefits he or she is not entitled to.
Employer and claimant fraud
hotline: 866-266-1987
E-mail for employer fraud – undergroundeconomy@esd.wa.gov

Technical support for Internet tax filers

Phone – 800-565-4660
E-mail – uifsupport@esd.wa.gov

Order tax forms

Phone – 360-902-0916
E-mail – taxforms@esd.wa.gov

What is a customer identification number?

Several months ago, Employment Security gave claimants a unique customer identification (CID) number. We made this change to help reduce identity theft, and it should have a minimal effect on employers.

If we send you a form about an unemployment benefit claim, we will always use the claimant's Social Security number. If we send a document only to a claimant, we use the CID.

Upcoming training/workshop schedule

Attend a local workshop to learn more about unemployment taxes and state services, such as tax requirements for various types of businesses, how to report and pay state taxes properly, requirements for reporting new employees and the services that are available through WorkSource.

Date	Topic	City	Contact
Mar. 27	L&I contractor training day	Bellingham	360-902-4733
April 8	File your taxes, reporting, exemptions	Yakima	509-574-0137
April 10	L&I contractor training day	Seattle	360-902-4733
April 15	File your taxes, reporting, exemptions	Yakima	509-574-0137
April 17	General employer information	Spokane	509-532-3130
April 21	General employer information in Spanish	Sunnyside	509-453-2050
April 23	General employer information	Kennewick	509-735-0939
April 23	General employer information in Spanish	Yakima	509-453-2050
April 23	General employer information	Ellensburg	509-574-0137
June 18	Business tax workshop	Walla Walla	509-735-0939
June 19	L&I contractor training day	Wenatchee	360-902-4733
June 25	Business tax workshop	Kennewick	509-735-0939

The Employment Security Department is an equal opportunity employer and provider of programs and services. Auxiliary aids and services are available upon request to people with disabilities. Auxiliary aids may include qualified interpreters and telecommunication devices (TTY) for hearing or speech impaired individuals. Individuals with limited English proficiency may request interpretive services free of charge to the customer in order to conduct business with the department.

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